

Q1 2018 Interim Report

Letter to Shareholders

Overview

Acadian Timber Corp (“Acadian”) had a solid start to the year and posted strong performance for the three-month period ended March 31, 2018 (the “first quarter”). Acadian generated Adjusted EBITDA of \$8.9 million for the first quarter, up from \$8.0 million during the prior year period, as our operations benefitted from favourable winter harvest conditions and strong seasonal demand that led to an increase in log sales volumes of 17% compared to the same quarter of 2017. Demand for most of our products continued to be solid and our weighted average log selling price per cubic meter remained in-line with the first quarter of 2017. During the period, we generated \$7.3 million of Free Cash Flow¹ and declared dividends of \$4.6 million to our shareholders. This represents a payout ratio of 63%, which is comfortably below our long-term annual target of 95% but in-line with expectations given the seasonality of our operations.

Based on our expectation of continued strong performance, further supported by our strong liquidity, we are pleased to announce that our Board of Directors have approved a 3% increase in Acadian’s quarterly dividend from \$0.275 per share to \$0.2825 per share, effective in the second quarter of 2018.

Results of Operations

Acadian’s operations reported one minor recordable safety incident during the quarter among employees and contractors. We remain very committed to maintaining a culture across the organization that emphasizes the importance of strong safety performance.

For the first quarter, Acadian generated net sales of \$32.9 million, compared to \$28.0 million in the comparable period of 2017, as favourable winter harvest conditions and strong demand for softwood sawlogs resulted in a 17% increase in total log sales volumes compared to the prior year period. Acadian’s weighted average log selling price remained in-line with the prior year as the benefit from a demand-driven 5% increase in softwood sawlog prices was offset by changes in the sales mix. However, the Adjusted EBITDA margin for the quarter of 27% was down from 29% in the prior year period due to lower higher and better use land sales in Maine as well as timing of operating costs.

Our balance sheet continues to be solid with \$97.6 million of net liquidity as at March 31, 2018, including funds available under our Revolving Facility and the stand-by equity commitment with Brookfield.

Outlook²

Acadian’s key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian’s end-use market and are the primary market for our softwood sawtimber. Economic forecasters continue to call for steady growth in U.S. housing starts, with year-over-year improvements averaging over 7% in 2018 and 5% in 2019. While tight construction labour markets and declining housing affordability may present headwinds, the underlying fundamental driver of pent-up household formation remains highly compelling. Further encouraging is the transitioning mix in the U.S. to a higher and more typical single family home proportion of starts which consume significantly greater volumes of wood per start. As a result, North American sawtimber demand is expected to grow at over 4% per year over the next few years to support expanding domestic construction needs.

Benchmark SPF and SYP lumber prices were up over the sequential quarter by 11% and 24%, respectively, passing on the full application of 20.23% average export duties on U.S.-bound shipments to consumers. However, while the duties were a factor in higher prices, the combination of robust demand and supply constraints including severe winter conditions and tight rail and truck transport availability were important factors driving pricing gains. While lumber pricing volatility should be expected due to uncertainty of ongoing application and pass through of duties or a potential future softwood lumber dispute settlement including quotas, forecasters anticipate the underlying supply demand drivers will continue to support strength in lumber pricing through 2019. By extension, Acadian anticipates continued strong support in end use markets for softwood sawtimber pricing through this period.

Since the final determination of combined duties were announced by the U.S. Department of Commerce and finalized by the International Trade Commission in late Q4 2017, industry officials indicate there have been no material softwood negotiations between the U.S. and Canada. As there is little expectation that a softwood settlement will factor into the current broader NAFTA trade negotiations, there remains little visibility on relief from duties in the near to medium term.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, are expected to remain at healthy current levels throughout the remainder of the year. While hardwood pulpwood markets remain historically very strong, we expect seasonally high consumer inventories will continue to impact log pricing through mid-year. While continued oversupply of softwood sawmill residuals and softwood pulpwood markets remains a concern, regional timberland owners have continued to operate with reduced pulpwood harvest which we expect will continue through the remainder of the year. In New Brunswick, biomass markets have benefited from the gradual recovery in export volumes which we expect will continue through the second half of the year.

As always, Acadian management remains vigilant in pursuing cost efficiencies across the business. With a strong balance sheet, and highly capable operating team, we are well positioned to meet our recently increased quarterly distributable cash commitments over the coming year. While no shares were repurchased under our normal course issuer bid established during the first quarter of this year, we will continue to seek opportunities to do so at the appropriate share valuation. On behalf of the board and management of Acadian, I would like to thank all our shareholders for their ongoing support.



Mark Bishop
President and Chief Executive Officer
May 7, 2018

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1. Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"), they may not be comparable to similar measures presented by other companies. Please refer to Management's Discussion and Analysis for further details.
 2. This section contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Forward-Looking Statements" in Management's Discussion and Analysis for further details.

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Corp. ("Acadian" or the "Company") is a leading supplier of primary forest products in Eastern Canada and the Northeastern United States. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 761,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 300,000 acres of freehold timberlands in Maine ("Maine Timberlands"), and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands ("NB Crown Lands"). Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products sold to approximately 85 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.

Basis of Presentation

This management's discussion and analysis ("MD&A") discusses the financial condition and results of operations of the Company for the three months ended March 31, 2018 (herein referred to as the "first quarter") relative to the three months ended March 25, 2017, and should be read in conjunction with the interim condensed consolidated financial statements and notes thereto included at page 14 of this interim report.

On January 1, 2018, the Company adopted IFRS 15 "Revenue from Contracts with Customers", using the full retrospective approach which will supersede previous revenue standards (IAS 18 "Revenue") and related interpretations and will apply to all revenue arising from contracts with customers. The adoption on January 1, 2018 resulted in a change in presentation from net to gross for timber services which does not impact the Company's operating earnings or net income. As a result of this change in presentation, net sales for the three-month period ended March 25, 2017 increased by \$4.9 million, with a corresponding increase in operating costs and expenses. Net sales are net of discounts and rebates to customers. Revenue is recognized when control passes to the customer, which is generally when timber is delivered to the customer and actual quantities delivered are determined. Sales are governed primarily by contract and in some cases by standard industry terms. Pursuant to the Crown Lands Services Agreement, Acadian provides harvesting, transportation and other services to Crown licensees and sub-licensees. Acadian receives payment for these services which are recognized upon delivery of the timber and when actual quantities delivered are determined.

Our first quarter financial results are determined in accordance with IAS 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged since the previous annual report, unless otherwise noted. This MD&A has been prepared based on information available as at May 7, 2018. Additional information is available on Acadian's website at www.acadiantimber.com and on SEDAR's website at www.sedar.com.

Non-IFRS Measures

Throughout the MD&A, reference is made to "Adjusted EBITDA", which Acadian's management defines as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and to "Adjusted EBITDA margin", which is Adjusted EBITDA as a percentage of its total revenue. Reference is also made to "Free Cash Flow", which Acadian's management defines as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Management believes that Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. As these measures do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow in the "Adjusted EBITDA and Free Cash Flow" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2017. There have been no changes in our disclosure controls and procedures during the period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework 2013 as at December 31, 2017. There have been no changes in our internal controls over financial reporting during the period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of First Quarter Results

The table below summarizes operating and financial data for Acadian:

| <i>(CAD thousands, except where indicated)</i> | March 31, 2018 | March 25, 2017 |
|--|-----------------------|----------------|
| Sales volume (000s m ³) | 419.7 | 356.0 |
| Net sales ¹ | \$ 32,948 | \$ 28,012 |
| Net income | 1,986 | 4,758 |
| Adjusted EBITDA ² | \$ 8,870 | \$ 8,030 |
| Free Cash Flow ² | \$ 7,258 | \$ 7,388 |
| Dividends declared | 4,601 | 4,601 |
| Payout ratio | 63% | 62% |
| Per share – basic and diluted | | |
| Net income | \$ 0.12 | \$ 0.28 |
| Free Cash Flow ² | 0.43 | 0.44 |
| Dividends declared | 0.275 | 0.275 |
| Book Value | 16.54 | 16.01 |
| Common Shares Outstanding | 16,731,216 | 16,731,216 |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

2. Non-IFRS Measure. See "Reconciliation of net income, in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow".

For the first quarter, Acadian generated net sales of \$32.9 million, compared to \$28.0 million in the comparable period of 2017, as favourable winter harvest conditions and strong demand for softwood sawlogs resulted in a 17% increase in total log sales volumes compared to the prior year. Acadian's weighted average log selling price remained in-line with the prior year as the benefit from a demand-driven 5% increase in softwood sawlog prices was offset by changes in the sales mix.

As a result of the aforementioned increase in log sales volumes, which was partially offset by an increase in variable log harvest costs per m³, Adjusted EBITDA climbed to \$8.9 million during the quarter from \$8.0 million in the prior year. However, the Adjusted EBITDA margin for the quarter of 27% was down from 29% in the prior year due to reduced higher and better use land sales in Maine as well as timing of operating costs.

Net income totaled \$2.0 million, or \$0.12 per share, for the first quarter, compared to \$4.8 million, or \$0.28 per share, for the same period in 2017 as the aforementioned increase in Adjusted EBITDA was more than offset by impact of foreign exchange revaluation on Acadian's U.S. dollar denominated long-term debt.

The following table provides a reconciliation of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow during each respective period:

| <i>(CAD thousands)</i> | March 31, 2018 | March 25, 2017 |
|---|-----------------------|----------------|
| Net income | \$ 1,968 | \$ 4,758 |
| Add / (deduct): | | |
| Interest expense, net | 958 | 747 |
| Current income tax expense | 1,365 | 147 |
| Deferred income tax expense | 64 | 1,290 |
| Depreciation and amortization | 84 | 78 |
| Fair value adjustments and other | 2,125 | 1,475 |
| Unrealized exchange loss / (gain) on long-term debt | 2,288 | (465) |
| Adjusted EBITDA ¹ | \$ 8,870 | \$ 8,030 |
| Add / (deduct): | | |
| Interest paid on debt, net | (684) | (721) |
| Additions to timber, land, roads and other fixed assets | (5) | (114) |
| Gain on sale of timberlands | (177) | (497) |
| Loss on disposal of roads and other fixed assets | 248 | — |
| Proceeds on sale of timberlands | 192 | 837 |
| Proceeds on sale of roads and other fixed assets | 179 | — |
| Current income tax expense | (1,365) | (147) |
| Free Cash Flow ¹ | \$ 7,258 | \$ 7,388 |
| Dividends declared | \$ 4,601 | \$ 4,601 |
| Payout ratio | 63% | 62% |

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

Dividend Policy of the Company

Acadian declares dividends from its available cash to the extent determined prudent by the Board of Directors. These dividends represent cash received from Acadian's indirect interest in the Maine Timberlands and the New Brunswick Timberlands, less estimated cash amounts required for expenses and other obligations of Acadian, cash redemptions of shares and any tax liability. Dividends are paid on or about the 15th day following each dividend declaration date.

Total dividends declared to shareholders during the three months ended March 31, 2018 were \$4.6 million, or \$0.275 per share, unchanged from the prior year. The payout ratio of Acadian, which represents the amount of dividends declared as a percentage of the Free Cash Flow generated, was 63% for the first quarter, which is below our long-term annual target of 95% but in-line with expectations given the seasonality of our operations.

Based on our expectation of continued strong performance, further supported by our strong liquidity, Acadian's Board of Directors have approved a 3% increase in the quarterly dividend from \$0.275 per share to \$0.2825 per share, effective in the second quarter of 2018.

Operating and Market Conditions

Acadian's operations performed well during the first quarter, continuing to benefit from strong market dynamics in New Brunswick and improved markets in Maine compared to the prior year. Excluding biomass, log harvest volumes of 362 thousand m³ for the quarter were up 17% year-over-year reflecting favourable winter harvest conditions, particularly for spruce and fir stands, and strong seasonal demand.

Acadian's weighted average log selling price remained in-line with the prior year as the benefit from a demand-driven 5% increase in softwood sawlog prices was offset by changes in the sales mix. Demand for softwood sawlogs in New Brunswick remained strong, with prices increasing 2%, while prices for hardwood pulpwood remained in-line with the prior year

period. Markets continued to strengthen in Maine compared to the prior year with prices in U.S. dollar terms for softwood sawlogs increasing 7% and hardwood pulpwood prices improving 6%.

Stronger export markets for biomass products resulted in a 23% increase in sales volumes compared to the same period in the prior year. Overall, the gross margin earned on Acadian's biomass products increased 28% compared to the first quarter of 2017.

Segmented Results of Operations

The table below summarizes operating and financial results for the New Brunswick and Maine Timberlands and Corporate:

| <i>Three Months Ended March 31, 2018</i> | | | | |
|--|-----------------------|--------------------------|------------------|---------------------|
| <i>(CAD thousands)</i> | | | | |
| | NB Timberlands | Maine Timberlands | Corporate | Consolidated |
| Sales volumes (000s m ³) | 293.3 | 126.4 | — | 419.7 |
| Net sales | \$ 23,120 | \$ 9,828 | \$ — | \$ 32,948 |
| Adjusted EBITDA ¹ | \$ 5,857 | \$ 3,464 | \$ (451) | \$ 8,870 |
| Adjusted EBITDA margin ¹ | 25% | 35% | n/a | 27% |

| <i>Three Months Ended March 25, 2017</i> | | | | |
|--|-----------------------|--------------------------|------------------|---------------------|
| <i>(CAD thousands)</i> | | | | |
| | NB Timberlands | Maine Timberlands | Corporate | Consolidated |
| Sales volumes (000s m ³) | 266.5 | 89.5 | — | 356.0 |
| Net sales ² | \$ 21,253 | \$ 6,759 | \$ — | \$ 28,012 |
| Adjusted EBITDA ¹ | \$ 6,128 | \$ 2,156 | \$ (254) | \$ 8,030 |
| Adjusted EBITDA margin ^{1,2} | 29% | 32% | n/a | 29% |

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

2. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

NB Timberlands

New Brunswick Timberlands owns and manages approximately 761,000 acres of freehold timberlands, provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands and owns a forest nursery. Approximately 80% of harvest operations are performed by third-party contractors and approximately 20% by New Brunswick Timberlands employees.

There was one minor recordable safety incident among employees and none among contractors during the first quarter of 2018.

The table below summarizes operating and financial results for New Brunswick Timberlands:

| | Three Months Ended March 31, 2018 | | | | Three Months Ended March 25, 2017 | | | |
|--|---|---|------------------|-----------------------------------|---|---|------------------|-----------------------------------|
| | Harvest <i>(000s m³)</i> | Sales <i>(000s m²)</i> | Sales Mix | Results <i>(\$000s)</i> | Harvest <i>(000s m³)</i> | Sales <i>(000s m²)</i> | Sales Mix | Results <i>(\$000s)</i> |
| Softwood | 158.6 | 157.4 | 54% | \$ 8,885 | 135.3 | 126.5 | 47% | \$ 7,258 |
| Hardwood | 93.0 | 83.0 | 28% | 6,566 | 115.3 | 94.7 | 36% | 7,602 |
| Biomass | 52.9 | 52.9 | 18% | 1,451 | 45.3 | 45.3 | 17% | 965 |
| | 304.5 | 293.3 | 100% | 16,902 | 295.9 | 266.5 | 100% | 15,825 |
| Timber services and other sales ¹ | | | | 6,218 | | | | 5,428 |
| Net sales ¹ | | | | \$ 23,120 | | | | \$21,253 |
| Adjusted EBITDA ² | | | | \$ 5,857 | | | | \$ 6,128 |
| Adjusted EBITDA margin ^{1,2} | | | | 25% | | | | 29% |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

2. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

Net sales for our New Brunswick Timberlands totaled \$23.1 million compared to \$21.3 million in the prior year. Log sales volumes, excluding biomass, increased 9% to 240 thousand m³ from 221 thousand m³ in the first quarter of 2017 reflecting favourable harvest conditions, particularly for spruce and fir stands, strong seasonal demand for softwood sawlogs, and improved demand for softwood pulpwood. In addition, timber services and other sales increased 15% compared to the prior year primarily due to the timing of harvest activities.

The weighted average log selling price during the quarter was \$64.28 per m³, down from \$67.19 per m³ in the prior year. Demand for softwood sawlogs in New Brunswick remained strong with prices increasing 2%, however this was more than offset by lower relative volumes of higher-valued hardwood pulpwood and higher relative volumes of lower-valued softwood pulpwood. Prices for these products remained in-line with the prior year.

Biomass product sales volumes increased by 17% year-over-year as shipments to export markets have recently resumed. The return of the export markets also resulted in a 26% increase in gross margin earned compared to the first quarter of 2017.

Operating costs for the quarter were \$17.3 million, compared to \$15.1 million in the first quarter of 2017, primarily due to higher harvest volumes and the timing of timber services. Variable log harvest costs per m³ increased 4% primarily due to longer hauling distances and increased fuel costs.

Adjusted EBITDA was \$5.9 million during the first quarter of 2018, compared to \$6.1 million in the prior year, as the impact of the aforementioned increase in log sales volumes were more than offset by lower weighted average log selling prices and higher variable harvest costs per m³. Adjusted EBITDA margin decreased to 25% for the quarter from 29% during the same period in the prior year.

Maine Timberlands

Maine Timberlands owns and manages approximately 300,000 acres of freehold timberlands. All harvesting operations are performed by third-party contractors.

There were no recordable safety incidents among employees or contractors during the first quarter of 2018.

The table below summarizes operating and financial results for Maine Timberlands:

| | Three Months Ended March 31, 2018 | | | | Three Months Ended March 25, 2017 | | | |
|-------------------------------------|-----------------------------------|---------------------------------|--------------|---------------------|-----------------------------------|---------------------------------|--------------|---------------------|
| | Harvest (000s m ³) | Sales (000s m ³) | Sales Mix | Results (\$000s) | Harvest (000s m ³) | Sales (000s m ³) | Sales Mix | Results (\$000s) |
| Softwood | 91.6 | 91.2 | 72% | \$ 7,321 | 62.8 | 62.6 | 70% | \$ 4,751 |
| Hardwood | 33.9 | 30.7 | 24% | 2,254 | 29.4 | 25.7 | 29% | 1,892 |
| Biomass | 4.5 | 4.5 | 4% | 7 | 1.2 | 1.2 | 1% | 2 |
| | 130.0 | 126.4 | 100% | 9,582 | 93.4 | 89.5 | 100% | 6,645 |
| Other sales | | | | 246 | | | | 114 |
| Net sales | | | | \$ 9,828 | | | | \$ 6,759 |
| Adjusted EBITDA ¹ | | | | \$ 3,464 | | | | \$ 2,156 |
| Adjusted EBITDA margin ¹ | | | | 35% | | | | 32% |

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

Net sales totaled \$9.8 million compared to \$6.8 million for the same period last year as log sales volumes increased meaningfully to 122 thousand m³ from 88 thousand m³ in the prior year. This increase was primarily driven by strong seasonal demand for softwood sawlogs, which had been impacted in the prior year by high customer inventories and limited markets for sawmill residuals, as well as an increase in the number of operating days in the first quarter of 2018 as compared to the same quarter of 2017.

The weighted average log selling price in Canadian dollar terms was \$78.51 per m³, up from \$75.26 per m³ in the same period of 2017. The weighted average log selling price in U.S. dollar terms was \$62.09 per m³, up 9% year-over-year, reflecting improved demand for softwood sawlogs and hardwood pulpwood, as well as a favourable change in log sales product mix.

Costs for the first quarter were \$6.3 million, compared to \$5.1 million during the same period in 2017 due to increased log sales volumes which were partially offset by a 6% decrease in variable log harvest costs per m³ due to shorter hauling distances and foreign exchange.

As a result of the aforementioned factors, Adjusted EBITDA for the quarter was \$3.5 million compared to \$2.2 million in the prior year and Adjusted EBITDA margin improved to 35%, relative to 32% in 2017.

Financial Position

Our financial position continues to be solid with \$97.6 million of net liquidity as at March 31, 2018, including funds available under our Revolving Facility and the stand-by equity commitment with Brookfield.

As at March 31, 2018, Acadian's balance sheet consisted of total assets of \$462.0 (December 31, 2017 – \$462.2 million), represented primarily by timber, land, roads and other fixed assets of \$420.3 million (December 31, 2017 – \$419.9 million) with the balance in cash and current assets of \$35.6 million (December 31, 2017 – \$36.2 million), and intangible assets of \$6.1 million (December 31, 2017 – \$6.1 million). Timber has been recorded at fair value as determined through an independent third party appraisal at December 31, 2017 and adjusted for growth estimates and harvest during the first three months of the year. Reforestation costs have been expensed as incurred.

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of 2018. Reference should be made to "Forward-Looking Statements" on page 13. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber. Economic forecasters continue to call for steady growth in U.S. housing starts, with year-over-year improvements averaging over 7% in 2018 and 5% in 2019. While tight construction labour markets and declining housing affordability may present headwinds, the underlying fundamental driver of pent-up household formation remains highly compelling. Further encouraging is the transitioning mix in the U.S. to a higher and more typical single family home proportion of starts which consume significantly greater volumes of wood per start. As a result, North American sawtimber demand is expected to grow at over 4% per year over the next few years to support expanding domestic construction needs.

Benchmark SPF and SYP lumber prices were up over the sequential quarter by 11% and 24%, respectively, passing on the full application of 20.23% average export duties on U.S.-bound shipments to consumers. However, while the duties were a factor in higher prices, the combination of robust demand and supply constraints including severe winter conditions and tight rail and truck transport availability were important factors driving pricing gains. While lumber pricing volatility should be expected due to uncertainty of ongoing application and pass through of duties or a potential future softwood lumber dispute settlement including quotas, forecasters anticipate the underlying supply demand drivers will continue to support strength in lumber pricing through 2019. By extension, Acadian anticipates continued strong support in end use markets for softwood sawtimber pricing through this period.

Since the final determination of combined duties were announced by the U.S. Department of Commerce and finalized by the International Trade Commission in late Q4 2017, industry officials indicate there have been no material softwood negotiations between the U.S. and Canada. As there is little expectation that a softwood settlement will factor into the current broader NAFTA trade negotiations, there remains little visibility on relief from duties in the near to medium term.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, are expected to remain at healthy current levels throughout the remainder of the year. While hardwood pulpwood markets remain historically very strong, we expect seasonally high consumer inventories will continue to impact log pricing through mid-year. While continued oversupply of softwood sawmill residuals and softwood pulpwood markets remains a concern, regional timberland owners have continued to operate with reduced pulpwood harvest which we expect will continue through the remainder of the year. In New Brunswick, biomass markets have benefited from the gradual recovery in export volumes which we expect will continue through the second half of the year.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and is provided to facilitate additional analysis.

Selected Consolidated Quarterly Information

The table below sets forth selected consolidated quarterly information for the current and last eight quarters. See “Additional Quarterly Information” section for the segmented quarterly results.

| | 2018 | 2017 | | | | 2016 | | |
|---|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>(CAD thousands, except per share data and where indicated)</i> | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| Sales volume (000s m ³) | 419.7 | 297.6 | 381.0 | 217.4 | 356.0 | 351.2 | 351.7 | 208.9 |
| Net sales ¹ | \$ 32,948 | \$ 25,805 | \$ 27,238 | \$ 14,329 | \$ 28,012 | \$ 27,267 | \$ 23,885 | \$ 15,520 |
| Adjusted EBITDA ² | 8,870 | 6,005 | 6,687 | 2,622 | 8,030 | 7,049 | 5,153 | 3,301 |
| Free Cash Flow ² | 7,258 | 4,756 | 5,302 | 2,034 | 7,388 | 6,276 | 4,195 | 2,743 |
| Net income | 1,986 | 12,348 | 9,702 | 4,011 | 4,758 | 3,121 | 2,779 | 5,830 |
| Per share – basic and diluted | \$ 0.12 | \$ 0.74 | \$ 0.58 | \$ 0.24 | \$ 0.28 | \$ 0.18 | \$ 0.17 | \$ 0.35 |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

2. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. The critical estimates and judgements applied in preparing Acadian’s financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgements made in the preparation of Acadian’s financial statements include, among other things, future prices and margins, future sales volumes, future harvest rates and sustainable yields, and discount rates utilized in the valuation of Acadian’s timber, roads and land. In making estimates and judgements, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgements have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgements in these consolidated financial statements. Actual results could differ from those estimates. For further reference on critical accounting policies, see our significant accounting policies contained in Note 2 of Acadian’s 2017 annual report.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Related Party Transactions

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at the exchange value and recognized in the interim condensed consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively “Brookfield”).

As at March 31, 2018, Brookfield owned 7,513,262 common shares, representing approximately 45% of the Company’s outstanding shares.

A summary of the significant related party transactions is provided below.

- a) Upon inception, Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three months ended March 31, 2018 totaled \$0.6 million (2017 – \$0.6 million). As at March 31, 2018, fees of \$0.5 million (2017 – \$nil) remain outstanding.
- b) On January 1, 2017, Acadian acquired a 100% equity interest in Katahdin Timberlands LLC (“KTL”), a related company owned by Brookfield, that leased and held parcels of land complementary to Acadian’s Maine Timberlands for \$1,276 thousand (US\$954 thousand). The parcels of land acquired were historically managed by Maine Timberlands on behalf of Brookfield. The acquisition represented an opportunity for Acadian to integrate the acquired parcels into its existing operations and increase income from HBU sales.

Further to the related party transactions noted above, the total net receivables due from related parties as at March 31, 2018 is \$41 thousand (December 31, 2017 – \$49 thousand) and net payables due to related parties is \$600 thousand (December 31, 2017 – \$500 thousand). Acadian also has a U.S. \$50 million stand-by-equity commitment with Brookfield. In September 2017, Brookfield agreed to extend the stand-by equity commitment through July 2019.

Contractual Obligations

The Company has no material capital or operating lease obligations, however, it has two significant contractual obligations related to the supply of fibre to Twin Rivers Paper Company (“Twin Rivers”) for periods up to 20 years and the provision of timber services under a Crown License Agreement at the direction of Twin Rivers.

A summary of the Company’s debt obligations is as follows:

| <i>(CAD thousands)</i> | Total Available | Total | Payments Due by Period | | | |
|---------------------------------|-----------------|-----------|---------------------------|--------------------------|--------------------------|-----------------------|
| | | | Less Than One Year (2018) | 1 to 3 Years (2019-2021) | 3 to 5 Years (2022-2024) | After 5 Years (>2024) |
| Debt | | | | | | |
| Term facility ¹ | \$ 93,525 | \$ 93,525 | \$ — | \$ 93,525 | \$ — | \$ — |
| Revolving facility ² | 12,900 | — | — | — | — | — |
| | \$ 106,425 | \$ 93,525 | \$ — | \$ 93,525 | \$ — | \$ — |
| Interest payments ³ | | \$ 7,741 | \$ 2,815 | \$ 4,926 | \$ — | \$ — |

1. Represents principal of a U.S. dollar denominated term loan with a U.S. to Canadian dollar conversion of 1.29, excluding the unamortized deferred financing costs
2. Represents credit reserved to support the minimum cash balance requirement of the U.S. dollar denominated revolving credit facility with a U.S. to Canadian conversion rate of 1.29
3. Interest payments are determined assuming a fixed interest rate at 3.01% with a U.S. to Canadian dollar conversion of 1.29

Additional Quarterly Information

The tables below set forth additional quarterly information for the last current eight quarters by reportable segment:

NB Timberlands

| | 2018 Q1 | | | 2017 Q4 | | | 2017 Q3 | | | 2017 Q2 | | |
|--|------------------------|------------------------|----------|------------------------|------------------------|-----------|------------------------|------------------------|-----------|------------------------|------------------------|-----------|
| | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results |
| | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) |
| Softwood | 158.6 | 157.4 | 8,885 | 103.2 | 97.1 | \$ 5,371 | 113.0 | 115.2 | \$ 6,265 | 27.8 | 39.4 | \$ 2,038 |
| Hardwood | 93.0 | 83.0 | 6,566 | 68.8 | 66.9 | 5,111 | 99.5 | 103.2 | 7,396 | 62.0 | 92.1 | 7,186 |
| Biomass | 52.9 | 52.9 | 1,451 | 31.6 | 31.6 | 549 | 70.2 | 70.2 | 863 | 39.3 | 39.3 | 783 |
| | 304.5 | 293.3 | 16,902 | 203.6 | 195.6 | 11,031 | 282.7 | 288.6 | 14,524 | 129.1 | 170.8 | 10,007 |
| Timber services and other sales ¹ | | | 6,218 | | | 7,272 | | | 6,100 | | | 1,476 |
| Net sales ¹ | | | 23,120 | | | \$ 18,303 | | | \$ 20,624 | | | \$ 11,483 |
| Adjusted EBITDA ² | | | 5,857 | | | \$ 4,463 | | | \$ 5,454 | | | \$ 2,028 |
| Adjusted EBITDA margin ^{1,2} | | | 25% | | | 24% | | | 26% | | | 18% |

Maine Timberlands

| | 2018 Q1 | | | 2017 Q4 | | | 2017 Q3 | | | 2017 Q2 | | |
|-------------------------------------|------------------------|------------------------|----------|------------------------|------------------------|----------|------------------------|------------------------|----------|------------------------|------------------------|----------|
| | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results |
| | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) |
| Softwood | 91.6 | 91.2 | 7,321 | 47.0 | 46.8 | \$ 3,752 | 35.0 | 34.9 | \$ 2,592 | 16.6 | 16.5 | \$ 1,155 |
| Hardwood | 33.9 | 30.7 | 2,254 | 44.5 | 49.7 | 3,620 | 56.8 | 50.2 | 3,799 | 13.8 | 19.5 | 1,544 |
| Biomass | 4.5 | 4.5 | 7 | 5.5 | 5.5 | 9 | 7.3 | 7.3 | 11 | 10.6 | 10.6 | 16 |
| | 130.0 | 126.4 | 9,582 | 97.0 | 102.0 | 7,381 | 99.1 | 92.4 | 6,402 | 41.0 | 46.6 | 2,715 |
| Other sales | | | 246 | | | 121 | | | 212 | | | 131 |
| Net sales | | | 9,828 | | | \$ 7,502 | | | \$ 6,614 | | | \$ 2,846 |
| Adjusted EBITDA ² | | | 3,464 | | | \$ 2,135 | | | \$ 1,551 | | | \$ 909 |
| Adjusted EBITDA margin ² | | | 35% | | | 28% | | | 23% | | | 32% |

Corporate

| | 2018 Q1 | | 2017 Q4 | | 2017 Q3 | | 2017 Q2 | |
|------------------------------|---------|----------|---------|----------|---------|----------|---------|----------|
| | | Results | | Results | | Results | | Results |
| | | (\$000s) | | (\$000s) | | (\$000s) | | (\$000s) |
| Net sales | | \$ — | | \$ — | | \$ — | | \$ — |
| Adjusted EBITDA ² | | \$ (451) | | \$ (593) | | \$ (318) | | \$ (315) |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

2. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

NB Timberlands

| | 2017 Q1 | | | 2016 Q4 | | | 2016 Q3 | | | 2016 Q2 | | |
|--|------------------------|------------------------|-----------|------------------------|------------------------|-----------|------------------------|------------------------|-----------|------------------------|------------------------|-----------|
| | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results |
| | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) |
| Softwood | 135.3 | 126.5 | \$ 7,258 | 117.6 | 113.5 | \$ 6,189 | 97.4 | 99.2 | \$ 5,258 | 35.4 | 65.5 | \$ 3,588 |
| Hardwood | 115.3 | 94.7 | 7,602 | 115.4 | 104.7 | 8,251 | 98.5 | 91.2 | 6,663 | 49.5 | 76.6 | 6,475 |
| Biomass | 45.3 | 45.3 | 965 | 51.7 | 51.7 | 980 | 92.3 | 92.3 | 1,660 | 40.8 | 40.8 | 1,561 |
| | 295.9 | 266.5 | 15,825 | 284.7 | 269.9 | 15,420 | 288.2 | 282.7 | 13,581 | 125.7 | 182.9 | 11,624 |
| Timber services and other sales ¹ | | | 5,428 | | | 5,658 | | | 5,290 | | | 1,980 |
| Net sales ¹ | | | \$ 21,253 | | | \$ 21,078 | | | \$ 18,871 | | | \$ 13,604 |
| Adjusted EBITDA ² | | | \$ 6,128 | | | \$ 5,867 | | | \$ 4,608 | | | \$ 3,887 |
| Adjusted EBITDA margin ^{1,2} | | | 29% | | | 28% | | | 24% | | | 29% |

Maine Timberlands

| | 2017 Q1 | | | 2016 Q4 | | | 2016 Q3 | | | 2016 Q2 | | |
|-------------------------------------|------------------------|------------------------|----------|------------------------|------------------------|----------|------------------------|------------------------|----------|------------------------|------------------------|----------|
| | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results | Harvest | Sales | Results |
| | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) | (000s m ³) | (000s m ³) | (\$000s) |
| Softwood | 62.8 | 62.6 | \$ 4,751 | 52.8 | 52.7 | \$ 4,037 | 36.3 | 36.2 | \$ 2,878 | 11.8 | 11.6 | \$ 776 |
| Hardwood | 29.4 | 25.7 | 1,892 | 25.9 | 26.6 | 2,094 | 29.7 | 25.6 | 1,977 | 8.6 | 11.8 | 984 |
| Biomass | 1.2 | 1.2 | 2 | 2.0 | 2.0 | 4 | 7.2 | 7.2 | 23 | 2.6 | 2.6 | 16 |
| | 93.4 | 89.5 | 6,645 | 80.7 | 81.3 | 6,135 | 73.2 | 69.0 | 4,878 | 23.0 | 26.0 | 1,776 |
| Other sales | | | 114 | | | 54 | | | 136 | | | 140 |
| Net sales | | | \$ 6,759 | | | \$ 6,189 | | | \$ 5,014 | | | \$ 1,916 |
| Adjusted EBITDA ² | | | \$ 2,156 | | | \$ 1,393 | | | \$ 749 | | | \$ (167) |
| Adjusted EBITDA margin ² | | | 32% | | | 23% | | | 15% | | | (9%) |

Corporate

| | 2017 Q1 | | | 2016 Q4 | | | 2016 Q3 | | | 2016 Q2 | | |
|------------------------------|----------|--|----------|----------|--|----------|----------|--|----------|----------|--|----------|
| | Results | | | Results | | | Results | | | Results | | |
| | (\$000s) | | | (\$000s) | | | (\$000s) | | | (\$000s) | | |
| Net sales | | | \$ — | | | \$ — | | | \$ — | | | \$ — |
| Adjusted EBITDA ² | | | \$ (254) | | | \$ (211) | | | \$ (204) | | | \$ (419) |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

2. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Forward-Looking Statements

This management discussion and analysis (“MD&A”) contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, “Acadian”), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements may contain such words as “may,” “will,” “intend,” “should,” “expect,” “believe,” “outlook,” “predict,” “remain,” “anticipate,” “estimate,” “potential,” “continue,” “plan,” “could,” “might,” “project,” “targeting” or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes statements made in sections entitled “Dividend Policy of the Company,” “Liquidity and Capital Resources” and “Market Outlook” and without limitation other statements regarding management’s beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management’s current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield’s ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian’s growth profile; and other risks and factors discussed under the heading “Risk Factors” in this Annual Report and in each of the Annual Information Form dated March 28, 2018 and the Management Information Circular dated March 28, 2018, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian’s views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Interim Condensed Consolidated Statements of Net Income

(unaudited)

| <i>Three Months Ended</i> <i>(CAD thousands, except per share data)</i> | Note | March 31, 2018 | March 25, 2017 Adjusted (Note 2) |
|--|------|-----------------------|--|
| Net sales | 6 | \$ 32,948 | \$ 28,012 |
| Operating costs and expenses | | | |
| Cost of sales | 6 | 21,494 | 18,240 |
| Selling, administration and other | 6 | 2,506 | 2,239 |
| Reforestation | | 7 | — |
| Depreciation and amortization | | 84 | 78 |
| | | 24,091 | 20,557 |
| Operating earnings | | 8,857 | 7,455 |
| Interest expense, net | | (958) | (747) |
| Other items | | | |
| Fair value adjustments and other | | (2,125) | (1,475) |
| Unrealized exchange (loss) / gain on long-term debt | | (2,288) | 465 |
| Gain on sale of timberlands | | 177 | 497 |
| Loss on disposal of roads and other fixed assets | | (248) | — |
| Earnings before income taxes | | 3,415 | 6,195 |
| Current income tax expense | 7 | (1,365) | (147) |
| Deferred income tax expense | 7 | (64) | (1,290) |
| Net income | | \$ 1,986 | \$ 4,758 |
| Net income per share - basic and diluted | | \$ 0.12 | \$ 0.28 |

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

| <i>Three Months Ended (CAD thousands)</i> | March 31, 2018 | March 25, 2017 |
|--|-----------------------|----------------|
| Net income | \$ 1,986 | \$ 4,758 |
| Other comprehensive income / (loss) | | |
| Items that may be reclassified subsequently to net income: | | |
| Unrealized foreign currency translation gain / (loss) | 3,366 | (622) |
| Deferred income tax (expense) / recovery | (246) | 93 |
| Comprehensive income | \$ 5,106 | \$ 4,229 |

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheets

(unaudited)

| <i>As at</i> <i>(CAD thousands)</i> | Note | March 31, 2018 | December 31, 2017 |
|---|------|-----------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 22,264 | \$ 23,951 |
| Accounts receivable and other assets | 5 | 11,009 | 11,007 |
| Inventory | | 2,289 | 1,226 |
| | | 35,562 | 36,184 |
| Timber | 10 | 330,862 | 330,879 |
| Land, roads and other fixed assets | | 89,442 | 89,013 |
| Intangible assets | | 6,140 | 6,140 |
| | | \$ 462,006 | \$ 462,216 |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 5 | \$ 8,253 | \$ 12,476 |
| Dividends payable to shareholders | 9 | 4,601 | 4,601 |
| | | 12,854 | 17,077 |
| Long-term debt | 2, 3 | 90,517 | 90,866 |
| Deferred income tax liability | | 81,979 | 80,188 |
| Shareholders' equity | 4 | 276,656 | 274,085 |
| | | \$ 462,006 | \$ 462,216 |

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(unaudited)

| <i>Three Months Ended March 31, 2018</i> <i>(CAD thousands)</i> | Note | Common Share Capital | Retained Earnings | Revaluation Surplus | Currency Translation | Shareholders' Equity |
|--|------|----------------------------|----------------------|------------------------|-------------------------|-------------------------|
| Balance as at December 31, 2017 | | \$ 140,067 | \$ 76,375 | \$ 33,877 | \$ 23,766 | \$ 274,085 |
| Impact of adopting IFRS 9, net of income taxes | 2 | — | 2,066 | — | — | 2,066 |
| Adjusted opening balance under IFRS 9 | | 140,067 | 78,441 | 33,877 | 23,766 | 276,151 |
| Changes in period | | | | | | |
| Net income | | — | 1,986 | — | — | 1,986 |
| Other comprehensive income | | — | — | — | 3,120 | 3,120 |
| Shareholders' dividends declared | 9 | — | (4,601) | — | — | (4,601) |
| Balance as at March 31, 2018 | | \$ 140,067 | \$ 75,826 | \$ 33,877 | \$ 26,886 | \$ 276,656 |

See accompanying notes to interim condensed consolidated financial statements.

| <i>Three Months Ended March 25, 2017</i> <i>(CAD thousands)</i> | | Common Share Capital | Retained Earnings | Revaluation Surplus | Currency Translation | Shareholders' Equity |
|--|--|----------------------------|----------------------|------------------------|-------------------------|-------------------------|
| Balance as at December 31, 2016 | | \$ 140,067 | \$ 63,960 | \$ 31,883 | \$ 31,941 | \$ 267,851 |
| Changes in period | | | | | | |
| Net income | | — | 4,758 | — | — | 4,758 |
| Other comprehensive loss | | — | — | — | (529) | (529) |
| Shareholders' dividends declared | | — | (4,601) | — | — | (4,601) |
| Balance as at March 25, 2017 | | \$ 140,067 | \$ 64,117 | \$ 31,883 | \$ 31,412 | \$ 267,479 |

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

| <i>Three Months Ended (CAD thousands)</i> | March 31, 2018 | March 25, 2017 |
|--|-----------------------|------------------|
| Cash provided by (used for): | | |
| Operating activities | | |
| Net income | \$ 1,986 | \$ 4,758 |
| Adjustments to net income: | | |
| Deferred income tax expense | 64 | 1,290 |
| Depreciation and amortization | 84 | 78 |
| Fair value adjustments and other | 2,125 | 1,475 |
| Unrealized exchange loss / (gain) on long-term debt | 2,288 | (465) |
| Gain on sale of timberlands | (177) | (497) |
| Loss on disposal of roads and other fixed assets | 248 | — |
| Net change in non-cash working capital balances and other | (4,070) | 878 |
| | 2,548 | 7,517 |
| Financing activities | | |
| Dividends paid to shareholders | (4,601) | (4,183) |
| | (4,601) | (4,183) |
| Investing activities | | |
| Additions to timber, land, roads and other fixed assets | (5) | (114) |
| Acquisition of Katahdin Timberlands LLC | — | (1,276) |
| Proceeds from sale of timberlands | 192 | 837 |
| Proceeds from sale of roads and other fixed assets | 179 | — |
| | 366 | (553) |
| (Decrease) / Increase in cash and cash equivalents during the period | (1,687) | 2,781 |
| Cash and cash equivalents, beginning of period | 23,951 | 19,654 |
| Cash and cash equivalents, end of period | \$ 22,264 | \$ 22,435 |

See accompanying notes to interim consolidated financial statements.

Details of net change in non-cash working capital balances and other:

| <i>For the Three Months Ended (CAD thousands)</i> | March 31, 2018 | March 25, 2017 |
|---|-----------------------|----------------|
| Accounts receivable and other assets | \$ (2) | \$ (6,005) |
| Inventory | (1,063) | (1,918) |
| Accounts payable and accrued liabilities | (4,224) | 8,020 |
| Other | 1,219 | 781 |
| | \$ (4,070) | \$ 878 |

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

Acadian Timber Corp. (the “Company”) is governed by the *Canada Business Corporations Act* pursuant to articles of arrangement dated January 1, 2010. The Company is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol “ADN”. The principal and head office of the Company is located at Suite 1800, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5.

The Company and all of its consolidated operations (collectively, “Acadian”), own and manage approximately 761,000 acres of freehold timberlands in New Brunswick (“NB Timberlands”) and approximately 300,000 acres of freehold timberlands in Maine (“Maine Timberlands”) and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian’s products include softwood and hardwood sawlogs, pulpwood and biomass by-products sold to approximately 85 regional customers.

Acadian’s operations are subject to seasonal variations and, as a result, Acadian’s operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

As at March 31, 2018, affiliates of Brookfield Asset Management Inc. (collectively “Brookfield”) own 7,513,262 common shares representing approximately 45% of the outstanding common shares of the Company. The ultimate parent of the Company is Brookfield Asset Management Inc.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies adopted and disclosed in Note 2 of Acadian’s 2017 annual report, except for the adoption of IFRS 9 and IFRS 15 that were adopted on January 1, 2018 and are disclosed below. These interim condensed consolidated financial statements should be read in conjunction with Acadian’s 2017 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on May 7, 2018.

New and Amended Accounting Policies

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but comparative information is not compulsory. As a result of the adoption of this standard, the Company recognized a gain of \$2.9 million (\$2.0 million net of income taxes), relating to a 2015 modification of Acadian’s term facility with the Metropolitan Life Insurance Company, in retained earnings on January 1, 2018. This modification did not result in derecognition of the loan as the revised terms were neither qualitatively nor quantitatively different from the original terms. The effect of applying the IFRS 9 approach will decrease long-term debt and hence increase shareholders’ equity by \$2.9 million and increase interest charges by approximately \$0.3 million per quarter over the remaining term of the loan, but does not impact the Company’s operating cash flows.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

IFRS 15 supersedes previous revenue standards (IAS 18 “Revenue”) and related interpretations and it applies to all revenue

arising from contracts with customers. On January 1, 2018, the Company adopted IFRS 15 using the full retrospective approach. The adoption of this standard on January 1, 2018 resulted in a change in presentation from net to gross for timber services, which does not impact the Company's operating earnings or net income. As a result of this change in presentation, net sales for the three-month period ended March 25, 2017 increased by \$4.9 million, with a corresponding increase in operating costs and expenses. Net sales are net of discounts and rebates to customers. Revenue is recognized when control passes to the customer, which is generally when timber is delivered to the customer and actual quantities delivered are determined. Sales are governed primarily by contract and in some cases by standard industry terms. Pursuant to the Crown Lands Services Agreement, Acadian provides harvesting, transportation and other services to Crown licensees and sub-licensees. Acadian receives payment for these services which are recognized upon delivery of the timber and when actual quantities delivered are determined.

Future Accounting Policies

IFRS 16, Leases

IFRS 16, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company has no material capital or operating lease obligations, but has not yet begun the process of evaluating the impact of this standard on its interim condensed consolidated financial statements.

NOTE 3. LONG-TERM DEBT

Debt consists of the following:

| <i>As at</i> <i>(CAD thousands)</i> | March 31, 2018 | December 31, 2017 |
|---|-----------------------|-------------------|
| Term facility, due October 2020 | \$ 93,525 | \$ 91,156 |
| Less: | | |
| Impact of adopting IFRS 9, net of accretion | (2,744) | — |
| Deferred debt issuance costs | (264) | (290) |
| Total | \$ 90,517 | \$ 90,866 |

Acadian has U.S. dollar-denominated credit facilities with Metropolitan Life Insurance Company, which will mature on October 1, 2020. These credit facilities include a revolving credit facility of US\$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility of US\$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.01%. The Revolving Facility bears interest at floating rates based on the 90-day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates.

As at March 31, 2018 and December 31, 2017, Acadian had borrowed US\$72.5 million under the Term Facility and nil under the Revolving Facility; however, US\$1.6 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facility. As security for these facilities, Acadian granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as of March 31, 2018 and December 31, 2017.

The fair value of the Term Facility as at March 31, 2018 is \$92.5 million (December 31, 2017 – \$90.9 million). The fair value of debt is determined using the discounted cash flow approach and is measured under Level 2 of the fair value hierarchy. Future cash flows are estimated based on the terms under the Term Facility and discounted at a rate reflecting appropriate market fundamentals relating to the debt.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. As of March 2, 2017, Acadian implemented a normal course issuer bid ("NCIB") that permits the Company to acquire a block

of shares if they become available. During the quarter, no purchases were made.

Common shares outstanding as at March 31, 2018 and December 31, 2017 were 16,731,216.

NOTE 5. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the interim condensed consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at December 31, 2017, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company.

A summary of the significant related party transactions is provided below.

- a) Upon inception, Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three months ended March 31, 2018 totaled \$0.6 million (2017 – \$0.6 million). As at March 31, 2018, fees of \$0.5 million (2017 – \$nil) remain outstanding.
- b) On January 1, 2017, Acadian acquired a 100% equity interest in Katahdin Timberlands LLC ("KTL"), a related company owned by Brookfield, that leased and held parcels of land complementary to Acadian's Maine Timberlands for \$1,276 thousand (US\$954 thousand). The parcels of land acquired were historically managed by Maine Timberlands on behalf of Brookfield. The acquisition represented an opportunity for Acadian to integrate the acquired parcels into its existing operations and increase income from HBU sales.

Further to the related party transactions noted above, the total net receivables due from related parties as at March 31, 2018 is \$41 thousand (December 31, 2017 – \$49 thousand) and net payables due to related parties is \$600 thousand (December 31, 2017 – \$500 thousand). Acadian also has a US\$50 million stand-by-equity commitment with Brookfield. In September 2017, Brookfield agreed to extend the stand-by equity commitment to July 2019.

NOTE 6. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has two operating segments, the NB Timberlands and Maine Timberlands. Timber sales are recognized upon harvest and delivery of the softwood and hardwood timber or biomass to the customer and timber services are recognized when the service provided to the customer has been completed. Net sales, net income, assets and liabilities by reportable segments are as follows:

| <i>Three Months Ended March 31, 2018</i> <i>(CAD thousands)</i> | Total | NB Timberlands | Maine Timberlands | Corporate and Other |
|--|------------|-------------------|----------------------|------------------------|
| Net sales | | | | |
| Softwood | \$ 16,206 | \$ 8,885 | \$ 7,321 | \$ — |
| Hardwood | 8,820 | 6,566 | 2,254 | — |
| Biomass | 1,458 | 1,451 | 7 | — |
| Timber services and other sales | 6,464 | 6,218 | 246 | — |
| Total net sales | 32,948 | 23,120 | 9,828 | — |
| Operating costs | (24,000) | (17,261) | (6,288) | (451) |
| Reforestation | (7) | (2) | (5) | — |
| Depreciation and amortization | (84) | (50) | (34) | — |
| Operating earnings / (loss) | 8,857 | 5,807 | 3,501 | (451) |
| Loss on disposal of roads and other fixed assets | (248) | — | (248) | — |
| Gain on sale of timberlands | 177 | — | 177 | — |
| Fair value adjustments and other | (2,125) | (491) | (1,740) | 106 |
| Earnings / (loss) before the undernoted | 6,661 | 5,316 | 1,690 | (345) |
| Unrealized exchange loss on long-term debt | (2,288) | | | |
| Interest expense, net | (958) | | | |
| Earnings before income taxes | 3,415 | | | |
| Current income tax expense | (1,365) | | | |
| Deferred income tax expense | (64) | | | |
| Net income | \$ 1,986 | | | |
| <i>As at March 31, 2018</i> <i>(CAD thousands)</i> | Total | NB Timberlands | Maine Timberlands | Corporate and Other |
| Timber, land, roads and other fixed assets and intangible assets | \$ 426,444 | \$ 280,641 | \$ 145,803 | \$ — |
| Total assets | 462,006 | 295,827 | 160,016 | 6,163 |
| Total liabilities | \$ 185,388 | \$ 5,411 | \$ 26,966 | \$ 153,011 |

| <i>Three Months Ended March 25, 2017</i> | | | | |
|--|-----------|-------------------|----------------------|------------------------|
| <i>(CAD thousands)</i> | | | | |
| <i>(Note 2)</i> | Total | NB Timberlands | Maine Timberlands | Corporate and Other |
| Net sales | | | | |
| Softwood | \$ 12,009 | \$ 7,258 | \$ 4,751 | \$ — |
| Hardwood | 9,494 | 7,602 | 1,892 | — |
| Biomass | 967 | 965 | 2 | — |
| Timber services and other sales ¹ | 5,542 | 5,428 | 114 | — |
| Total net sales ¹ | 28,012 | 21,253 | 6,759 | — |
| Operating costs ¹ | (20,479) | (15,124) | (5,101) | (254) |
| Depreciation and amortization | (78) | (45) | (33) | — |
| Operating earnings / (loss) | 7,455 | 6,084 | 1,625 | (254) |
| Gain on sale of timberlands | 497 | — | 497 | — |
| Fair value adjustments | (1,475) | (916) | (559) | — |
| Earnings / (loss) before the undernoted | 6,477 | 5,168 | 1,563 | (254) |
| Unrealized exchange gain on long-term debt | 465 | | | |
| Interest expense, net | (747) | | | |
| Earnings before income taxes | 6,195 | | | |
| Current income tax expense | (147) | | | |
| Deferred income tax expense | (1,290) | | | |
| Net income | \$ 4,758 | | | |

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of the adoption of IFRS 15, *Revenue from Contracts with Customers*, on January 1, 2018

| <i>As at March 25, 2017</i> | | | | |
|--|------------|-------------------|----------------------|------------------------|
| <i>(CAD thousands)</i> | | | | |
| | Total | NB Timberlands | Maine Timberlands | Corporate and Other |
| Timber, land, roads and other fixed assets and intangible assets | \$ 423,768 | \$ 264,144 | \$ 159,624 | \$ — |
| Total assets | 463,227 | 283,661 | 171,192 | 8,374 |
| Total liabilities | \$ 195,748 | \$ 10,241 | \$ 36,057 | \$ 149,450 |

During the three months ended March 31, 2018, approximately 32% of total sales (2017 – 33%) were originated with customers domiciled in the U.S. and the balance in Canada. During the same period, approximately 36% of total sales (2017 – 32%) were denominated in U.S. dollars.

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of Acadian's cost of sales. For the three months ended March 31, 2018, Acadian's top three suppliers accounted for approximately 17%, 16% and 12%, respectively, of Acadian's total harvesting and delivery costs (2017 – 17%, 15% and 9%, respectively).

Acadian sells its products to many forest product companies in North America. For the three months ended March 31, 2018, sales to the largest and next largest customer accounted for 24% and 9%, respectively (2017 – 23% and 9%, respectively).

NOTE 7. INCOME TAXES

The major components of income taxes recognized in profit or loss are as follows:

| <i>Three Months Ended (CAD thousands)</i> | March 31, 2018 | March 25, 2017 |
|---|-----------------------|----------------|
| Income tax expense | | |
| Income taxes at statutory rate | \$ 991 | \$ 1,796 |
| Foreign tax rate differential | (17) | 173 |
| Permanent differences | 370 | (511) |
| Benefit of previously unrecognized tax attributes | 84 | 26 |
| Other | 1 | (47) |
| Total income tax expense | \$ 1,429 | \$ 1,437 |

NOTE 8. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution pension plans covering substantially all employees. During the three months ended March 31, 2018, contributions recorded as expenses amounted to \$64 thousand (2017 – \$63 thousand).

NOTE 9. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors.

Total dividends declared for the three months ended March 31, 2018 and 2017 were \$4.6 million or \$0.275 per share.

On May 7, 2018, the Board of Directors approved a 3% increase in Acadian's quarterly dividend to \$0.2825 per share, payable on July 13, 2018 to shareholders on record at June 30, 2018.

NOTE 10. TIMBER

| <i>(CAD thousands)</i> | |
|--|-------------------|
| Fair value at December 31, 2016 | \$ 328,477 |
| Additions | 490 |
| Disposals | (59) |
| Gains arising from growth | 28,239 |
| Reduction arising from harvest | (26,429) |
| Gain from fair value price and other changes | 7,963 |
| Foreign exchange | (7,802) |
| Balance at December 31, 2017 | \$ 330,879 |
| Disposals | (2) |
| Gains arising from growth | 6,921 |
| Reduction arising from harvest | (9,693) |
| Foreign exchange | 2,757 |
| Balance at March 31, 2018 | \$ 330,862 |

Board and Management

Corporate and Shareholder Information

BOARD OF DIRECTORS

Phil Brown
*Executive Managing
Director of Partner
Recruitment
Momentum Search Group*

Reid Carter
*Managing Partner
Brookfield Asset
Management Inc.*

Malcom Cockwell*
*Managing Director
Haliburton Forest
Appointed May 7, 2018

David Mann, QC
Corporate Director

Bruce Robertson*
*Vice President
The Woodbridge Company
Limited
Appointed February 14, 2018

Saul Shulman
*Chief Executive Officer
MLG Management Inc.*

Ben Vaughan
*Senior Managing Partner
Brookfield Asset
Management Inc.*

MANAGEMENT

Acadian Timber Corp.'s
Manager:
Brookfield Timberlands
Management LP

Mark Bishop
*President and
Chief Executive Officer
of Acadian and Managing
Director of the Manager*

Mabel Wong
*Chief Financial Officer
of Acadian and Managing
Director of the Manager*

Luc Ouellet
*Senior Vice President,
Operations*

Marcia McKeague
*Vice President,
Maine Woodland
Operations*

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 1800 – 1055 West Georgia Street, PO Box 11179, Royal Centre
Vancouver, B.C. V6E 3R5
Please direct your inquiries to:
Jon Syrnyk
Investor Relations and Communications
t. 604.661.9622 f. 604.687.3419
e. jsyrnyk@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Company's transfer agent:

AST Trust Company (Canada)
P.O. Box 4229, Station A
Toronto, ON M5W 0G1
t. 1-800-387-0825 (toll free in North America)
f. 1-888-249-6189
e. inquiries@canstockta.com
www.canstockta.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (March 31, 2018): 16,731,216
Targeted 2018 Quarterly Dividend: \$0.275 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

This management discussion and analysis ("MD&A") contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes statements made in sections entitled "Dividend Policy of the Company," "Liquidity and Capital Resources" and "Market Outlook" and without limitation other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in this Annual Report and in each of the Annual Information Form dated March 28, 2018 and the Management Information Circular dated March 28, 2018, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.



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